

February 20, 1976

SENATOR KEYES: Yes, Senator Schmit, I will read it to you. I am sure we are all capable of that. "No discount of any kind shall be made on such purchases by slaughter livestock meat packer to any retailer unless first he submits to the federal government, the United States Department of Agriculture." What do you expect to accomplish by that?

SENATOR SCHMIT: First of all, it is common practice in the trade today, Senator Keyes, as you know, for the retailer to not pay the amount of money that he is billed by the packer, but rather to pay for that which he proposes he actually received and to take his own discount. Now I think that most of us would realize that if we bought a suit of clothing and it was shipped out to us and we hadn't paid for it and we said, well, it is not quite the kind of fit I wanted and, therefore, I am going to take off 10% or 2%, I don't think you would condone that. In the meat industry, if the retailer decides the meat isn't quite right, he just discounts it and sends the packer a check for the balance. Now what I am proposing is that we have the packer and stockyards people who are suppose to monitor these discounts and it is their responsibility to do so, and if they decide that the discount asked by the packer is a reasonable one, they can, of course, allow it, and if they decide that it is not, they disallow it and it just places the decision making in the hands of a neutral party which I think is fair and is the way it ought to be.

SENATOR KEYES: Senator Schmit, don't you believe that the meat inspection department of the United States is justified to make this decision the way it is now.

SENATOR SCHMIT: That is exactly where I am placing it with the Packers and Stockyards Division.

SENATOR KEYES: You don't believe that the federal inspection department of the Department of Agriculture is going to be able to do so. They do that right now, Senator Schmit, and there is always a difference in judgment between the purchaser and the seller, and to say that they will not be able to discount that meat is something you are putting into statute that is a decision that is made by both the buyer and the seller and I have known many times when meat is sent out by one group of inspectors and when it arrives it doesn't meet the standards that the man expected to get over the telephone. Also you say here, no discounts shall be made. Now it is a known fact that when meat gets to New York, and if you are not able to purchase that meat and do something with it, you are going to find out that you have got a article on your hand that if a guy don't want to accept it, what are you going to do? Are you going to let that meat go to rot? If it don't sell in one or two days after it gets there, it is all over with. I can't understand what you are trying to do with this. It seems to me like you are adamant against the packers of the city of Omaha especially.